

Indiana House of Representatives

News and Information

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SMITH: STATE BUDGET PROPOSALS WILL RAISE LOCAL PROPERTY TAXES

INDIANAPOLIS – Lake County property owners will see massive increases in property taxes if state budget plans now before the Indiana General Assembly are enacted into law, according to State Rep. Vernon G. Smith (D-Gary).

"Republicans in the Indiana House and Senate have made it clear they want to pass a state budget that will hurt schools across Northwest Indiana," Smith said. "Now it is apparent that they have little interest in protecting the rights of property taxpayers, since they choose to support budgets that will cause double-digit increases in property taxes."

Entering the last days of the 2005 legislative session, House and Senate conferees already have started final deliberations on House Bill 1001, which outlines a state spending plan over the next two fiscal years. While there are some differences between the House and Senate versions of the budget bill, Smith said both proposals fall short in two critical areas: cutting education funding and raising local property taxes.

"Both budgets provide minimal increases in state support that benefit only prosperous suburban school corporations, and they fail to provide minimum guarantees in state assistance," Smith said. "In addition, their budgets do not fully fund textbook reimbursements, transportation costs and teacher retirement. That means officials at local schools must come up with their own means for funding operations.

"If they do not choose to make up that loss by cutting programs and laying off teachers, officials will be forced to ask for local property tax increases to pay these costs," noted Smith, adding that some school officials likely will have to consider both tax increases and program cuts in order to balance their budgets.

In addition, Republicans are seeking a freeze on Property Tax Replacement Credits, which is one way the state helps reduce local property taxes. If this cap remains in the budget, Smith said it will mean local tax increases of more than \$270 million.

"Since I have been a member of the Indiana House, there has been a conscious bipartisan effort to reduce the use of property taxes as a means of funding local schools and government," Smith said. "Recent initiatives designed to restructure Indiana's tax code were approved with the express purpose of cutting property taxes in the wake of the recent court-ordered property reassessment.

"Now, after more than a decade of making property tax relief a legislative priority, the Republicans are actively working to pass a plan that will substantially increase property taxes for families," he continued. "They are showing no interest in the lives of our children, or of homeowners throughout Indiana. These are secondary concerns to a party that prefers to think that the state's priority needs to be supporting economic development, overlooking the fact that their policies are harming Indiana's best resource: our people.

"I will not support their efforts to hurt our children and raise property taxes on our families," Smith said. "If this budget is allowed to pass, the people of Indiana will know that Republicans do not care about improving education and they are in favor of raising property taxes."